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Sankaty Advisors

December 2, 2010

Dear Sankaty Credit Opportunities I Investor,

COPs I returned 0.2% gross and -0.6% net of all fees and expenses in the third quarter of 2010, resulting in year-to-date returns of 5.7% gross and 3.7% net. While the Fund did not make a distribution in the third quarter, it has returned $70 million year-to-date in 2010. Since inception, the Fund has distributed approximately $548 million to all Limited Partners, or 1.1x the Fund's original committed capital, bringing the net multiple of money to 1.5x. Because partners' capital has now decreased to just under $200 million and the remaining portfolio consists of illiquid investments, quarterly results will be less relevant going forward.

Market Review

In the third quarter, the leveraged loan and high yield markets rebounded from their negative performance in the second quarter. Attractive refinancing opportunities lured issuers into the market as they continued to chip away at near-term loan maturities. Heavy institutional inflows into the asset class matched the new issue supply as economic data, corporate earnings and defaults all trended better. Consequently, strong, positive momentum characterized the credit markets in the third quarter.

While much has been written about the record high-yield new issuance in 2010 and how it has helped many borrowers push out maturity dates extending their day of reckoning, the fact remains that over $160 billion of 2012-2013 outstanding debt maturities have yet to be addressed. The majority of these are good businesses that are simply overlevered, which challenges the ability to refinance. Even for those 2010 high-yield issuers fortunate enough to push out their maturities, many have not changed the over-leveraged nature of their balance sheets. In fact, CCC high-yield issuance has continued to trend upwards in 2010, which we anticipate will generate substantial new distressed opportunities. While we continue to see opportunities in the current environment, we believe that the recent new issuance as well as the existing stock of distressed credits will fuel a robust distressed cycle over the next 2-4 years, especially if the economic recovery remains relatively weak.

Portfolio Review

COPs I is in its harvesting period, and the remaining portfolio consists of illiquid investments, however, we continue to look for opportunities to exit our remaining positions. Over the next 12 months, we will look to sell the remaining equities we hold as trading restrictions are lifted and liquidity improves. This portfolio produced strong returns in the third quarter as Dynamic Details, Sensata and MEG Energy all benefited from the equity market rally.

The structured portfolio has been a key driver of year-to-date performance. The portfolio continues to wind down as it reaches stated maturity dates with our Beach Street I investment maturing in September 2010. Beach Street III added to its strong 2010 performance by posting additional gains in the third quarter due to its high quality portfolio and near-term maturity in April 2011. Finally, the Fund's CLO portfolio continued to benefit from the low default rate environment as both Sankaty II and Chatham Light II posted strong gains in the quarter.

Private middle market investments make up the majority of COPs I's remaining holdings and we exited two investments over the past few months. Our equity warrants in Team Systems were sold alongside Bain Capital's sale of the business. Additionally, Harlem Globetrotters refinanced our loans after several years of strong performance. The IRRs on both investments were in the mid-to-high teens. After posting strong 2009 performance, Mountain City Meat continues to be negatively impacted by high beef prices, which have pressured industry margins. Two of its five largest competitors were liquidated in the third quarter, which will hopefully improve market conditions for the remaining players. However, given the challenges facing the company, we took a $7 million write down on our investment in the quarter.

Outlook

The focus for COPs I in the remainder of 2010 is to maximize returns on the mezzanine and structured portfolios. We are currently holding a cash reserve to protect against any downdraft. As we exit the remaining positions, we will continue to distribute proceeds. We believe as the Fund winds down it will deliver an attractive IRR and multiple of money in a period of great difficulty in the capital markets.

In an effort to continue to provide better service to our partners, we are pleased to welcome two new senior professionals to our Investor Relations team, Dorothy Crocker (dcrocker@sankaty.com) and Tom Sargeant (tsargeant@sankaty.com). Dorothy will be based in our New York City office while Tom joins the Sankaty team in London, which will enable us to provide more timely service to our European and international investors.

Attached is a snapshot of the current portfolio and our positioning. As always, we are available to discuss any of this information or answer any questions you may have. Please feel free to contact us directly.

Sincerely,

Sankaty Advisors

SANKATY CREDIT OPPORTUNITIES, LP
STATISTICAL SUMMARY
(as of September 30, 2010)

STATISTICAL ANALYSIS* [1,2]

	Q3 2010 Gross Return	Q3 2010 Net Return	2010 Gross Return	2010 Net Return	Annualized ITD Net Return	Sharpe Ratio
Sankaty Credit Ops	0.2%	-0.6%	5.7%	3.7%	7.6%	1.3
S&P 500 (w/ dividends)	11.3%	11.3%	3.9%	3.9%	4.5%	0.2
JPM Index	6.3%	6.3%	11.4%	11.4%	10.8%	0.8
LSTA Loan Index	3.3%	3.3%	6.8%	6.8%	5.5%	0.4

* Net returns are net of all fees, expenses and carry.

TOP TEN ISSUERS [3]

Top 10 Issuers (excluding Mezz & Structured)	
Issuer	Fund Net Equity (%)
Dynamic Details	2.8%
MEG Energy Corp.	2.6%
Kabel Deutschland	2.4%
Seusela Technologies B.V.	2.2%
Ariel	2.1%
Aleris Int'l	0.8%
Am Achievement	0.6%
AWAS	0.6%
Ineos	0.5%
Cera-Mark	0.3%

Top 5 Mezzanine Issuers	
Issuer	Fund Net Equity (%)
Harvest Time	9.3%
Continental Cement	7.4%
Restaurant Tech	4.8%
Portuguese Baking Company, LP	4.0%
Shari's	3.7%

Top 5 Structured Issuers[3]	
Issuer	Fund Net Equity (%)
Beach Street III CLO	10.9%
Chatham Light II	4.3%
Chatham Light	3.9%
Sankaty II	3.0%
RPII	2.7%

FUND NET EQUITY ($m)

	06/30/10	Profits	Net Contributions/ (Distributions)	09/30/10
Partners' Capital	$197.3	-0.5	0.0	$196.8
	ITD Contributions	ITD Distributions	Net IRR*	Net Multiple*
	$500.0	-$641.4	9.4%	1.5

*Net IRR and Multiple are net of all fees, expenses and carry

BALANCE SHEET (MV in $m)

	Long (A)	Short (B)	Net (A)-(B)	Gross (A)+(B)
By Asset Class				
Cash*	$40.8	$0.0	$40.8	$40.8
Mezzanine (Private Debt)	$87.9	$0.0	$87.9	$87.9
Structured[3]	$57.0	$0.0	$57.0	$57.0
Equity (Public & Private)	$21.3	$0.0	$21.3	$21.3
Bonds	$6.2	$0.0	$6.2	$6.2
Loans	$1.1	$0.0	$1.1	$1.1
CDS/LCDS[3]	$1.0	$0.0	$1.0	$1.0
Total	$215.3	$0.0	$215.3	$215.3
By Region				
North America	$167.3	$0.0	$167.3	$167.3
Europe	$7.2	$0.0	$7.2	$7.2
South America	$0.0	$0.0	$0.0	$0.0
Other	$0.0	$0.0	$0.0	$0.0
Total	$174.5	$0.0	$174.5	$174.5
By Industry				
Non Industry Specific	$56.7	$0.0	$56.7	$56.7
Food Products	$34.4	$0.0	$34.4	$34.4
Conglomerates	$14.6	$0.0	$14.6	$14.6
Electronic/Electric	$14.3	$0.0	$14.3	$14.3
Business Equipment and Services	$11.0	$0.0	$11.0	$11.0
Oil and Gas	$10.2	$0.0	$10.2	$10.2
Leisure	$7.4	$0.0	$7.4	$7.4
Other	$25.9	$0.0	$25.9	$25.9
Total	$174.5	$0.0	$174.5	$174.5
Exposure (% of Equity)**	88.7%	0.0%	88.7%	88.7%

*Includes restricted cash
**Exposure % is based on total assets excluding cash

1 Portfolio returns are computed based on the change in value during the period of a theoretical investment made at the beginning of the period. The change in value of a theoretical investment is measured by comparing the aggregate ending value of Limited Partners with the aggregate beginning value adjusted for cash flows related to capital contributions or withdrawals during the period. Returns are geometrically linked on a monthly basis. Investment performance results depict the return of the Limited Partners of the Partnership as a whole. Investment performance reflects the reinvestment of profits, dividends and income. Net returns are stated net of all fees, expenses and carry (see footnote 2). Returns are as of September 30, 2010 and are based on unaudited quarterly financial statements. As with all unaudited estimates, these estimates are subject to uncertainties and variations and may not be predictive of final results once audited. Actual outcomes and results may differ materially from the returns indicated herein.

2 Generally, the General Partner is entitled at year-end to a carry allocation equal to 20% of Net Profits for such fiscal year as described in the Limited Partnership Agreement. For purposes of presentation herein, the carry allocation has been included as a periodic expense and has been calculated on the Net Profits for the period. The Management Fee is a quarterly fee paid to Sankaty Advisors, LLC generally equal to 1.5% of each Limited Partner's capital account at the end of each quarter.

3 Single name CDS/LCDS, Tranche CDX, LCDX, Structured CDS and Index CDX/LCDX are included at notional value plus mark to market, indicative of the long or short market risk related to these exposures.

There can be no assurance that the historical investment performance of the partnership is indicative of the performance which will be achieved by the partnership in the future. The discussion herein is a summary and qualified in its entirety by the Partnership's Limited Partnership Agreement, the Partnership's Confidential Offering Memorandum and the Form ADV of Sankaty Advisors, LLC. This letter is not an offering of securities for sale in any jurisdiction. Any indication of interest from prospective investors in response to this letter involves no obligation or commitment of any kind.